

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/13)
BUTTER: Grade AA closed at \$1.3600. The weekly average for Grade AA is \$1.3305 (+.0110).

CHEESE: Barrels closed at \$1.2225 and blocks at \$1.2025. The weekly average for barrels is \$1.2110 (-.0380) and blocks, \$1.2085 (-.0155).

BUTTER: Butter markets appear firm. The CME butter price continues to stay in a relatively tight range. Prices were lower early in the week, but regained the losses later in the week to close at \$1.3600. Sales activity at the CME has increased. The weekly price gyrations have some buyers on the sidelines, waiting for the low point. Butter demand is increasing and more prints are being ordered and delivered to be in place. Club stores and other grocers are pulling more butter. Churning activity is building as more cream is offered. There is a good call for cream from higher class items as those are staged ahead of the holiday. Interest is good from producers of sour cream, cream cheese, whipped cream, egg nog, and aerosol cream. Butter printers continue to draw down inventories to fill current orders. Trade contacts suggest supplies should be adequate to fill 2006 needs.

CHEESE: The cheese market is unsettled to weak. Orders are steady to improved where buyers are taking advantage of lower prices to restock for the yearend holiday season. Natural movement is often improved, but mostly in the sliced and shred areas. Process interest is slower except where food service promotions are underway. More than adequate cheddar block offerings continue to reflect the growth in Western block and 640's production. Some cheese makers in the Midwest are having problems filling some orders for current Italian varieties due to limited milk supplies. Overall cheese production is fairly steady.

FLUID MILK: Milk production in the West is steady compared to recent weeks. Processing plants are often running on reduced fall schedules. With current prices for many dried dairy products, there is good demand for manufacturing milk. Bottled milk demand is steady to instances lower. Areas in the Northwest are noting higher fat and solids in incoming milk. Central milk output is running higher in the south and is steady to lower in the upper tier of states. Milk supplies are tight. Class I demand is uneven, although retail features are moving additional volumes. Milk production is steady to lower in the Northeast. The supply is readily balanced. Milk in the Southeast is steady to higher. Florida milk imports were 70 loads lower this week, reflective of a decline in Class I interest. Demand for condensed skim is higher as buyers look for alternatives to higher priced nonfat dry milk. More cream is being offered, but Class II production is kicking in at seasonal levels ahead of upcoming holidays.

DRY PRODUCTS: Nonfat dry milk markets are strong with pricing levels moving higher. There are reports of higher bid prices on the resale market and electronic trading sites. Current supplies remain tight with shipments under allocation. There are limited options to secure additional loads in the near term. Drying schedules are not up to expectations to help

alleviate current and past due orders. Buttermilk prices are higher and the market tone remains firm. Demand is good for current offerings. Production is irregular, but trending higher to process higher solids from butter production. Dry whey markets are firm with higher prices in all regions. Pricing levels are not fully tested. Spot offerings are light with good demand noted. Exports are pulling loads from the West. U.S. prices continue to trade below prices in Europe. Whey protein concentrate prices are higher. Production is steady and current offerings are tight. The lactose market remains firm and prices continue to move higher for spot sales and as contracts are adjusted.

CCC: During the week of October 9 - 13, there was no CCC activity under the dairy price support program.

AUGUST FLUID MILK SALES (AMS & CDFA): During August, about 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.4% higher than August 2005. After adjusting for calendar composition, sales in August 2006 were 1.1% higher than August 2005. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat milk (1%), fat-free (skim) milk, and flavored fat-reduced milk increased from August 2005, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier. Sales data for organic milk are now being provided.

OCTOBER MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The milk production forecasts for 2006 and 2007 are raised from last month. Cow numbers in 2006 were reduced from last month. In 2007, cow numbers are increased slightly from last month, moderating the rate of decline. In addition, milk per cow continues to grow, supporting higher production forecasts in both 2006 and 2007. Demand is expected to remain robust, especially for nonfat dry milk (NDM) and whey, but larger product supplies may pressure cheese and butter prices. A weaker expected 2006 cheese price results in a lower forecast 2006 Class III price, but a stronger NDM price raises the forecast for the Class IV price. In 2007, Class III prices are forecast higher as strong demand for whey is expected to offset weaker cheese prices, compared with last month. The 2007 Class IV price forecast is reduced as lower forecast butter prices more than offset an increase in forecast NDM prices. In the face of strong demand for NDM, both for domestic and international use, forecast CCC net removals for 2006 and 2007 are reduced from last month. The range of the all milk price for 2006 is narrowed from last month. The price forecast for 2007 is raised to \$13.00-\$13.90.

JULY MAILBOX MILK PRICES (AMS & CDFA): In July 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.66, \$.08 less than the figure for the previous month. The component tests of producer milk in July 2006 were: butterfat, 3.56%; protein, 2.94%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas except seven, and ranged from \$15.49 in Florida to \$9.88 in New Mexico. In July 2005, the Federal milk order all-area average mailbox price was \$14.62, \$2.96 higher.

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY OCTOBER 9	TUESDAY OCTOBER 10	WEDNESDAY OCTOBER 11	THURSDAY OCTOBER 12	FRIDAY OCTOBER 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2300 (-.0150)	\$1.2250 (-.0050)	\$1.1900 (-.0350)	\$1.1875 (-.0025)	\$1.2225 (+.0350)	(-.0225)	\$1.2110 (-.0380)
40# BLOCKS	\$1.2200 (+.0075)	\$1.2125 (-.0075)	\$1.2025 (-.0100)	\$1.2050 (+.0025)	\$1.2025 (-.0025)	(-.0100)	\$1.2085 (-.0155)
BUTTER GRADE AA	\$1.3250 (-.0075)	\$1.3100 (-.0150)	\$1.3100 (N.C.)	\$1.3475 (+.0375)	\$1.3600 (+.0125)	(+.0275)	\$1.3305 (+.0110)

CHEESE: carlot = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 9, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.2275; 2 CARS 40# BLOCKS @ \$1.2200; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2300; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2200, 1 @ \$1.2300
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 3 CARS: 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3250; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS: 2 @ \$1.3475, 2 @ \$1.3500

TUESDAY, OCTOBER 10, 2006

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.2350, 1 @ \$1.2300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.2250, 1 @ \$1.2500; 2 CARS 40# BLOCKS: 1 @ \$1.2125, 1 @ \$1.2150
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 5 CARS: 1 @ \$1.3000, 1 @ \$1.3050, 1 @ \$1.3100, 1 @ \$1.3075, 1 @ \$1.3100; BIDS UNFILLED: 1 CAR @ \$1.3025; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.3225, 1 @ \$1.3300

WEDNESDAY, OCTOBER 11, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1200; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1900, 1 @ \$1.2100; 7 CARS 40# BLOCKS: 1 @ \$1.2025, 1 @ \$1.2075, 1 @ \$1.2100, 3 @ \$1.2125, 1 @ \$1.2225
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 1 CAR @ \$1.3050; BIDS UNFILLED: 3 CARS: 1 @ \$1.3100, 2 @ \$1.3075; OFFERS UNCOVERED: NONE

THURSDAY, OCTOBER 12, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.1875; 1 CAR 40# BLOCKS @ \$1.2050; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1800; 1 CAR 40# BLOCKS @ \$1.1800; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.2075, 2 @ \$1.2100
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 12 CARS: 1 @ \$1.3100, 2 @ \$1.3150, 1 @ \$1.3250, 1 @ \$1.3300, 3 @ \$1.3325, 4 @ \$1.3450; BIDS UNFILLED: 19 CARS: 1 @ \$1.3475, 3 @ \$1.3350, 5 @ \$1.3325, 1 @ \$1.3300, 4 @ \$1.3275, 1 @ \$1.3250, 1 @ \$1.3175, 1 @ \$1.3125, 1 @ \$1.3100, 1 @ \$1.2700; OFFERS UNCOVERED: 2 CARS @ \$1.4000

FRIDAY, OCTOBER 13, 2006

CHEESE — SALES: 9 CARS 40# BLOCKS: 2 @ \$1.2000, 1 @ \$1.2050, 3 @ \$1.2000, 1 @ \$1.2100, 1 @ \$1.2000, 1 @ \$1.2025; BIDS UNFILLED: 7 CARS BARRELS: 1 @ \$1.2225, 1 @ \$1.2200, 1 @ \$1.2000, 1 @ \$1.1900, 2 @ \$1.1875, 1 @ \$1.1800; 3 CARS 40# BLOCKS: 1 @ \$1.2025, 2 @ \$1.2000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2100
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS: 1 @ \$1.3500, 1 @ \$1.3600; BIDS UNFILLED: 2 CARS @ \$1.3475; OFFERS UNCOVERED: 1 CAR @ \$1.3700

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.0500 and Grade A at \$1.2400. (The last price changes for Extra Grade and Grade A were respectively on 10/2/06 and 10/4/06.) The weekly average for Extra Grade is \$1.0500 (N.C.) and Grade A is \$1.2400 (+.0380).

BUTTER MARKETS

NORTHEAST

The butter market is trending fairly steady. Despite increases in available cream supplies in the region, cream intakes at butter plants remain fairly constant as multiples and CME AA butter price averages change nominally from week to week. Class II users are adequately handling any additional cream supplies for increasing holiday orders. Good Class I demand for fluid milk is also affecting movement of milk into butter/powder plants. As a result, churns are able to produce just enough fresh unsalted butter and micro-fixing inventoried stock of salted butter to satisfy orders. Fresh butter production is significantly lower compared to last year yet anticipated to increase seasonally as the Thanksgiving holiday draws near. Sales of bulk butter f.o.b East are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

Butter market prices continue to trade within a tight range and have moved slightly higher and lower on a weekly basis. Since September 5th, the CME butter price has closed between \$1.2900 and \$1.3425. The current price close at the CME is \$1.3100 on 10/11. Historically, the butter market firms ahead of the year end holidays, but this trend has not yet developed. Placements of butter are being staged, but retail feature activity is not being widely discussed. Current wholesale pricing levels are allowing for lower retail pricing. Butter supplies are adequate to service current and upcoming needs. Producers continue to pull butter out of storage to supplement current

output. Butter churning is increasing where more cream is entering the churns. Spot, bulk butter prices range from flat to 2 cents per pound over various pricing basis and averages. Seasonal, cream based products are being made and competing for available cream. Class II product demand is higher. High freight costs continue to impact cream shipments from other regions. Cream multiples are holding mostly steady with recent weeks.

WEST

Cash butter prices at the CME gained 2 3/4 cents last week, but have lost 2 1/4 cents so far this week to stand at \$1.31. No real trend is discernable at this point in the marketing season. Demand is being called fair at best with little feature activity noted and food service sales into higher end restaurants lagging. *Commercial Disappearance* of butter for the first seven months of the year is up 4.0% from the previous year. Cumulative butter production for the same period is up 8.7%. In the succeeding month the cumulative production number has declined to an increase of 7.4%. Currently, butter production is increasing at a faster rate as more reasonably priced cream is available to the churns. Class II items are taking their share for holiday needs, but nevertheless, butter production is increasing. Some firms are trying to get ahead a bit on stocks before the real push of holiday demand develops. They are only partially successful. CME weekly butter stocks have declined by 5.95 million pounds to stand at 89.3 million pounds last week. The comparable number for last year was 62.5 million pounds. Prices for bulk butter range from flat market to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
OCTOBER 7	1.2605	1.2981	0.8845	1.2760	0.3474
	9,341,907	11,094,002	13,859,578	3,989,873	11,214,488

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Wholesale prices are lower, reflecting the continuing roller coaster ride in cheese prices at the Chicago Mercantile Exchange in recent weeks. Buyers have been taking advantage of any troughs in prices to add inventory. Demand lacks much of the typically strong steady fall cheese interest. Supplies of most varieties, particularly non-cheddar, remain tight. Cheese production remains light seasonally though yields continue to improve.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3075-1.8275
Cheddar Single Daisies	:	1.2650-1.7500
Cheddar 40# Block	:	1.3625-1.6325
Process 5# Loaf	:	1.4575-1.6975
Process 5# Sliced	:	1.4725-1.7825
Muenster	:	1.3825-1.5800
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market remains unsettled to weak and seems to lack market direction. Cash prices on the Chicago Mercantile Exchange are about 15 - 20 cents below year ago levels. Current orders are steady to improved on natural though generally quieter on process unless promoted. Buyers are taking advantage of price declines to reorder. Holiday business, including gift packs, is starting to pick up. Cutters continue to have supply issues with mozzarella and provolone with no complaints about muenster supplies thus far. Sliced and shred interest is generally much better than natural chunks. Barrels, particularly packed in fiber, also remain difficult to find. Better quality undergrade offerings remain light. Aged cheddar demand still remains fairly quiet. Cheese yields are improving seasonally with milk intakes steady to occasionally lighter.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5300-1.7600
Brick And/Or Muenster 5#	:	1.7500-1.8025
Cheddar 40# Block	:	1.6050-2.2650
Monterey Jack 10#	:	1.7500-2.2650
Blue 5#	:	2.1075-2.4300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4325-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.2050-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
10/09/06	32,373	: 125,099
10/01/06	35,006	: 126,013
CHANGE	-2,633	: -914
% CHANGE	-8	: -1

WEST

Block cheese prices at the CME have declined 12 3/4 cents in the last 13 trading sessions to stand at \$1.2025 at midweek. Current blocks continue to be readily available from Western sources. Barrels for processing and undergrade cheese are in a tighter supply situation, but there is some difference of opinion on how tight supplies are now compared to three weeks ago. Some end users are beginning to buy more blocks for making process cheese. With those fundamentals noted, Western contacts are a little surprised that barrel prices at the CME have fallen 15 cents over the same time period. They are also unsure why there continues to be barrels left on the board at the end of trading. They see some disconnect in the market. For much of the past three weeks the prices at the CME have been inverted with barrels above blocks for most of that period. Western contacts have no problem with that scenario and believe "that signal" is needed for the trade. Swiss sales activity is increasing seasonally as the end of the year holidays approach. Mozzarella demand is very strong with supplies on the tight side for current cheese. Frozen inventories are still noted. However, the price relationship for the milk cost that made the cheese and current prices is negative, so the incentive to bring this cheese out of storage is minimal. *Commercial Disappearance* of cheese for the first seven months of the year was up 2.9%. Total cheese production for the same period was up 3.1%. Output of cheese has grown at a slightly faster rate in the following month.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4000-1.6575
Cheddar 40# Block	:	1.3425-1.6950
Cheddar 10# Cuts	:	1.5225-1.7425
Monterey Jack 10#	:	1.5325-1.6925
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.7000

FOREIGN

Domestic prices are lower with imported unchanged. Current demand is steady to occasionally improved as buyers prepare for year end holiday events. Importers are waiting for the results of licenses returned for redistribution to determine which licenses are available to help fill in any expected supply gaps. Offerings are generally adequate for needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
Roquefort	:	TFEWR	: -0-
Blue	:	2.6400-4.4800	: 1.6275-3.1150*
Gorgonzola	:	3.6900-5.9900	: 2.1300-2.4900*
Parmesan (Italy)	:	TFEWR	: 3.0350-3.1600*
Romano (Italy)	:	2.1000-3.2900	: -0-
Provolone (Italy)	:	3.4400-6.0900	: 1.6700-1.8475*
Romano (Cows Milk)	:	-0-	: 2.8175-4.9600*
Sardo Romano (Argentina)	:	2.8500-3.2900	: -0-
Reggianito (Argentina)	:	2.6900-3.2900	: -0-
Jarlsberg-(Brand)	:	3.1200-4.1500	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	TFEWR	: -0-
Edam	:	:	:
2 Pound	:	TFEWR	: -0-
4 Pound	:	TFEWR	: -0-
Gouda, Large	:	TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	: -0-

**CORRECTION ON LAST WEEK'S PRICE

Provolone (Italy)	:	3.4400-6.0900	: 1.6700-1.8975*
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* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	173	0	243	0	239	0
SOUTHEAST STATES	124	0	124	0	91	0

Milk production is mixed. Volumes are trending steady to lower in the Northeast whereas volumes in the Southern half of the region are steady to higher. A significant drop in milk volumes demanded from Florida is noted for the current week. Last week shipments into Florida were 243 and this week the volume is 173 loads or a decrease of 70 loads. A lapse in Class I interest, not production gains, is the reported explanation for the change in volume. In the Northeast, Class I demand is reported as steady. Milk is generally not available for manufacture throughout the region, despite reduced demand from Florida. However, increased volumes of cream are available. As a result, cream multiples are reduced. With a higher CME AA butter price average and lower multiples, cream prices are mixed yet generally trending lower. Most cream movement is occurring into Class II facilities. Churns are picking up a few loads but generally refraining from purchases as prices are not seen as attractive. Some churns anticipate increased offerings of cream in the next few weeks as ice cream production declines. Handlers expect that as ice cream production declines, more Class II users will commence production of holiday eggnog and dips, alleviating any surpluses. Spot condensed skim supplies are light for the good interest. Most movement is occurring steadily on a contractual basis into Class II and III facilities at steady prices.

Note: Due to changing market patterns, the Delivered Southeast cream price series will be eliminated. The last report (#52) will be released December 28, 2006. Questions and comments can be directed to: DonaldO.Nelson@usda.gov 608-250-3206.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6758-1.8473
DELIVERED EQUIVALENT: ATLANTA	-	1.7681-1.9133 M 1.8077-1.8473
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6890-1.7813

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9544-1.0244
NORTHEAST - CLASS III - SPOT PRICES	- 1.0100-1.0500

M I D W E S T

Class I demand is uneven, up sharply in certain markets where retail promotions are underway and at normal solid midmonth levels in others. Milk shipments to the Southeast were again lighter. Milk supplies remain tight, with any extra offerings mainly limited to weekends. Reported spot prices, on a very light test, range from around \$2.25 - 2.75 net over class, fob shipper. Spot interest exceeds the limited offerings. Handlers are expressing wonder why milk supplies are so tight and premiums so high with current milk production estimates for the upper Midwestern states. Strong specialty cheese sales have even caused a few reported planned plant maintenance shutdowns to be delayed. Cream offerings continue to build as ice cream production continues to wind down seasonally. Churning and cream cheese production are higher with a few manufacturers also seeing a boost in cultured dairy products. Demand for cream is expected to tighten supplies in a week or so when producers gear up production of high fat items such as dips and egg nog for the holiday season. Condensed skim demand is excellent as NDM users look for alternatives to NDM. At least one producer is selling condensed skim rather than dry any powder. Milk intakes are uneven, from generally higher seasonally in southern states to steady to lower in northern states. Fat and protein tests continue to rebound from reduced summer levels. Fall harvest and tillage continues where field conditions allow. Hay and other winter feeds may become more of an issue as the drought in several large Midwestern hay producing states reduced production. Some buyers were out early to cover their expected winter hay needs.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 52.00	\$ 48.00- 53.50
REPLACEMENT HEIFER CALVES	\$350.00-650.00	\$400.00-750.00

W E S T

Alfalfa hay production for the U.S. on October 1 totals 74.53 million tons, down 1.6% from last year. The Western region was quite variable with five states showing increases and four states indicating declines. Production for selected Western states and their changes from last year are as follows: Arizona, 2.08 million tons, -5.0%; California, 7.10 million tons, +2.9%; Colorado, 2.70 million tons, -9.0%; Idaho, 4.99 million tons, +4.2%; Nevada, 1.30 million tons, +3.8%; New Mexico, 1.10 million tons, -10.1%; Oregon, 2.06 million tons, +17.3%; Utah, 2.16 million tons, -3.0%; and Washington, 2.39 million tons, +2.2%. The November 2006 Class I prices in CALIFORNIA range from \$13.08 in the north to \$13.35 in the south. The statewide average Class I price based on production is \$13.11. The average is 49 cents lower than October 2006 and \$2.46 lower than November 2005. Milk production is steady. In some areas, bottler demand is trending lower, allowing more milk to flow to cheese plants and dryers. Some drying facilities have responded to the fluctuations in bottling needs by increasing drying schedules. In ARIZONA, milk output is steady. Weather conditions are optimal for milk production, with daytime highs in the 90's, nighttime lows in the 60's. Bottlers and cheese plants are receiving most of the milk production, but some cheese plants are reducing milk orders to balance inventories. Some shipments of cream and condensed milk to central locations, to supplement cream cheese and sour cream production, are being curtailed by shortages of trucks and tankers. In NEW MEXICO, milk production trended lower as many producers transitioned to BST-free operations as of October 1. This transition is being driven by consumer demand for BST-free bottled products, and many dairy producers are responding to that demand by making the switch. Most bottling plants are paying premiums for BST-free milk. To protect the integrity of the BST-free production, milk handling routines have been upgraded. Pick up routes and deliveries to processing plants have been revamped to minimize trucking miles, maintain separation of milk, and adequately supply bottlers and processors. Milk needs for cheese production are strong, and cheese manufacturing facilities are operating at full schedule. Milk used for Class III products often is not BST-free, offering a market for those dairy producers using BST. As the season advances, the slightly lower CREAM usage for ice cream is being balanced by increases in cream cheese, dip, and sour cream production. Butter demand is tapering in some locales and increasing in others, leaving churning activity steady to seasonally lower as more cream moves to processing plants for holiday product needs. As usage adjusts seasonally, cream multiples moved higher in the range, 109 to 120, FOB, and vary depending on class usage and basing points. Generally decent weather conditions are noted over coastal areas of the PACIFIC NORTHWEST. Late fall harvest conditions are allowing fall cropping to be completed. Feed quality looks good on silage, but hay continues to be a concern. The last cutting of hay is being completed on the east side of the mountains and cool wet weather is causing the hay quality to deteriorate. Little of what is left will make dairy hay, but it may still be good enough for feeder hay. Manufacturing plants continue to operate on reduced fall schedules. More cream is allowing some additional churning to take place. Skim solids are short of sales needs, with dryers trying to keep up with sales commitments. Many are falling behind on delivery schedules. The number of heifers offered at the monthly sale was down from the last few months and prices held about steady. The top of the market was \$1975-2050 with the average from \$1700-1975. Demand was being called fair. Wet weather conditions are slowing down the completion of the fall harvest in UTAH and IDAHO. The corn silage harvest continues to wind down slowly because of the wet field conditions. There appears to be a window of opportunity over the next few days that may allow some to finish up. Drying is slow at this time of year because of short days and cooler temperatures. Some hay growers are also hoping to finish up on their final cutting of hay. The recent rain showers have lowered the potential quality of this last cutting. Milk supplies at manufacturing plants are generally on schedule with earlier estimates and tests have recovered nicely from the summer low point. Producer financial stress is noted to be increasing in the region with some of the medium to larger operations in Idaho putting up for sale signs. Little interest in the larger operations is noted. Heifer prices at two sales in the region have increased from a few weeks ago. The top of the market ranges from \$2060-2120 while the average price varies from \$1790-1890.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are higher on a firm market. Production is mixed. Some plants are able to produce a few additional loads to trade on the spot market. Others are reporting limited production due to reduced milk supplies with nothing to offer on a spot basis. Producers not aligned with marketing agreements are adequately meeting their contractual obligations. Buyers that contracted through marketing groups continue to report shipment delays and contractual shortages. Product warehoused since 2002 reportedly traded at prices above the current range. Offerings in the resale market are noted near the high side of the range for both low heat and high heat NDM. Interest in condensed skim is strong at prices between 1.0000 - 1.3000.

EAST: Prices are higher on a firm market. Production remains light throughout the region. Limited supplies of milk coupled with strong condensed skim interest are deterring production possibilities in the short-term. Manufacturers throughout the region are unable to satisfy their contractual commitments. As a result, buyers continue to search for additional NDM supplies, either direct or via the resale market, to no avail. Some buyers with the processing capacity to handle fluid volumes are able to utilize condensed skim instead of NDM. Buyers without this capacity are rescheduling production around the availability of NDM.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8950 - 1.3500 MOSTLY: .9375 - 1.3000
HIGHHEAT: .9300 - 1.4000

NONFAT DRY MILK - WEST

The NDM market trend is firming and remains tight. Western NDM production is hampered in many areas by bottler and cheese plant needs taking priority. Milk production and Class I and III uses are close to balancing at this time, leaving limited milk volumes to go to dryer facilities. In many areas, drying facilities are operating below full plant capacity, and are primarily producing low/medium heat NDM. High heat NDM is being dried by some plants on an as-ordered basis versus a regular schedule. Most producers are allocating shipments of NDM, shipping product first to their stable of regular domestic and international customers, then offering occasional loads to newer buyers as product becomes available. Inventories are light to very light as most NDM is being rapidly shipped out after manufacture, and producers are having little opportunity to stockpile NDM. Buyers are interested, and are starting to test the market more assertively, with some low heat series spot sales occurring above the high heat series range. Western low/medium heat series NDM moved higher within in the range. Western high heat series NDM also moved higher in the range.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8750 - 1.2000 MOSTLY: .8825 - 1.0500
HIGHHEAT: .9150 - 1.0200

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 6	\$.8600	8,914,692	0
September 29	\$.8493*	6,386,616*	0*

*Revised from original release of 10/5/06.

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a firm market. Production is steady to seasonally higher as less condensed buttermilk is demanded by ice cream facilities. Production is anticipated to increase in the next few weeks as more cream seasonally becomes available to churns. Spot interest is light with some locations continuing to offer supplies as high as 1.3000. Contracts are being adequately satisfied.

Note: Due to industry consolidation, the Central and East buttermilk reports will be combined into one pricing series starting report (#1), released January 5, 2007. This Central/East pricing series will include a range of prices from the Central and East. Questions and comments can be directed to: DonaldO.Nelson@usda.gov 608-250-3206.

F.O.B. CENTRAL: 1.0400 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are higher and nominal on a firm market. Increased churn activity is noted at some locations. However, most production of condensed buttermilk is adequately handled by end-users, resulting in limited production of dry buttermilk. Dry buttermilk supplies are predominantly being directed into contractual accounts rather than offered on a spot basis.

Note: Due to changing market patterns, the Delivered Southeast buttermilk price series will be eliminated. The last report (#52) will be released December 28, 2006. Questions and comments can be directed to: DonaldO.Nelson@usda.gov 608-250-3206. Note: Due to industry consolidation, the Central and East buttermilk reports will be combined into one pricing series starting report (#1), released January 5, 2007. This Central/East pricing series will include a range of prices from the Central and East. Questions and comments can be directed to: DonaldO.Nelson@usda.gov 608-250-3206.

F.O.B. NORTHEAST: .9775 - .9875
DELVDSOUTHEAST: .9975 - 1.0075

DRY BUTTERMILK - WEST

Western buttermilk prices are slightly higher on the top of the range, due to a firming market tone. Butter production throughout the region is uneven, translating to irregular condensing and drying activity. In some areas, fluid milk in excess of Class I needs is moving to cheese plants, reducing amounts available to the churns and dryers. Retail and club store butter orders in other areas are encouraging churning and drying activity, though most plants are not at maximum output. Demand is steady to good, though the market has not been tested aggressively. Availability in some areas is quite limited. Inventory levels are fair.

F.O.B. WEST: .8800 - .9375 MOSTLY: .8950 - .9100

DRY WHOLE MILK - NATIONAL

The whole milk price range is steady to higher with price changes noted on the top end of the range. The fat value of whole milk has been holding steady in recent weeks. The solids portion has increased in value when based off the increasing NDM prices. Demand for whole milk has not been impacted by buyers replacing NDM or because of higher NDM prices. Demand is fair to good. Some seasonal accounts are pulling additional loads. Chocolate and confectionary interests are higher. Current stock levels are light.

F.O.B. PRODUCING PLANT: 1.1800 - 1.4000

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Varied perceptions of the market place are noted. Whereas some producers indicate that prices need to move higher due to the current shortage of supplies, buyers indicate that prices should remain unchanged for the same reason. Some producers are concerned about how higher whey prices negatively affect the value of milk to the cheese plant. Some spot trade is noted at a premium from resellers that picked up supplies from the plant at a premium. Producer list prices are reported higher. Offerings from plants are extremely light at the present time. Buyers are making inquiries with producers with respect to supply availability and price for 2007 contracts in light of the current firm market trends. Feed grade supplies are light with buyers resisting offerings reported near the high side of the range.

F.O.B. CENTRAL: .3850 - .4250 MOSTLY: .3850 - .3950

F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3425 - .3850

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are higher and nominal on a firm market. Production is steady to lower in response to production problems and lack of available milk supplies at some locations. Movement is mixed. Whereas some buyers are receiving their contractual loads, others are being shorted or are reporting shipment delays. Spot load trade is nominal.

Note: Due to changing market patterns, the Delivered Southeast whey price series will be eliminated. The last report (#52) will be released December 28, 2006. Questions and comments can be directed to: DonaldO.Nelson@usda.gov 608-250-3206.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3800 - .4000
DELVD SOUTHEAST: .4000 - .4200

DRY WHEY - WEST

Prices continue to increase for Western whey powder and the market undertone is very firm. Export and domestic buyers are not able to get all the powder they desire in a timely fashion. Any offerings are being quickly absorbed by exporters or domestic users. The spot shortages noted are not allowing many producers to really test the market with higher offering prices. Powder production is on projected schedules, but demand is much better than anticipated. European whey prices are running from the mid \$.40's to the mid \$.50's FOB the dock and they don't have anything available for new export sales.

NONHYGROSCOPIC: .3125 - .4000 MOSTLY: .3525 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Production is fairly steady. Some plants report that they will have nothing to offer for the remainder of the year, especially as some locations continue to catch up on contracts previously shorted or delayed. Buyers are increasingly taking note of the higher prices reported and making inquiries with producers as to potential supplies and price in 2007. Demand for WPC 34% remains good into domestic and export markets. Offerings of WPC 80% are noted into some end-user facilities that can adapt their formulations. Despite the availability of WPC 80%, prices for this commodity are reportedly not competitive with WPC 34% at the present time. Off grade supplies are limited for the good feed interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7075 - .7725 MOSTLY: .7125 - .7425

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Some fourth quarter contracts were finalized during the course of the current week at higher prices. A few spot loads were also available at some locations for the good export demand and trading near the high side of the range. Unconfirmed reports of trades above the range are noted. Production remains steady. Supplies are tight yet in better balance than last quarter. Inquiries for 2007 persist. At the present time, no contracts for 2007 are reported as finalized. Buyers and sellers remain speculative of market trends, especially during the second half of 2007. Most contracts are being adequately satisfied as many producers reduced the amount of contracts offered during fourth quarter. Off grade supplies are tight for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .3650 - .5000 MOSTLY: .4000 - .4400

CASEIN - NATIONAL

Prices are unchanged for both casein types. The market tone is steady. Supplies in the United States are mostly adequate to fill current and upcoming needs. Demand is steady and along projections. Higher prices for domestic, dairy based, protein products are not impacting the casein market, either from a price or demand factor. Oceania supplies are projected to be lower as less milk is being produced in the region than had been anticipated. Drought conditions in Australia are being assessed as to the impact on dairies.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

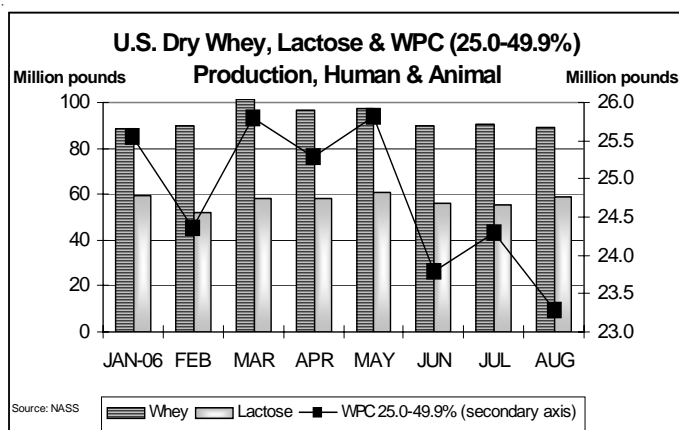
RENNET: 2.9500 - 3.0000
ACID: 3.0000 - 3.0500

EVAPORATED MILK - NATIONAL

Prices are unchanged. The market tone is steady. Retail and food service demand is seasonally improving as evaporated milk is a component of pumpkin pie, a traditional food prepared for the Thanksgiving holiday.

Note: Due to industry consolidation, the National Evaporated Milk price series will be eliminated. The last report (#52) will be released December 28, 2006. Production and government contract information will be carried when such information is available. Questions and comments can be directed to: DonaldO.Nelson@usda.gov 608-250-3206.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 9 - 13, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/06	SAME PERIOD LAST YEAR	WEEK ENDING 10/06/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 9 - 13, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2006 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JAN. 1 - OCT. 13, 2006 =	15.9	746.8	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 9 - 13, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/06 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 09/23/06 & Comparable Week 2005

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2006-Dairy	N.A.	0.5	6.5	2.8	18.2	2.9	0.5	N.A.	15.9	1.5	50.1	1,690.4	45.8	44.3
2005-Dairy	N.A.	0.7	6.6	2.4	14.7	2.8	0.6	N.A.	13.9	1.6	44.4	1,643.1	47.3	47.4
2006-All cows	N.A.	0.5	8.2	13.9	30.7	18.6	13.1	N.A.	18.7	2.5	109.4	3,812.8		
2005-All cows	N.A.	0.7	8.2	11.3	25.8	16.0	10.7	N.A.	16.3	2.1	93.9	3,466.7		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75	11.34	10.97	10.85	12.42		
II	13.25	12.62	11.69	11.37	11.13	11.00	10.83	11.16	11.74			
III	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29			
IV	12.20	11.10	10.68	10.36	10.33	10.22	10.21	10.64	11.10			

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm

INTERNATIONAL DAIRY MARKET NEWS

Information gathered OCTOBER 2 - 13, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk receipts continue to trend lower toward the annual low point, generally within a few weeks, depending on country. The affect of drought on feed quality, reduced volume, and higher prices may last into next year. Higher concentrate and grain prices are hindering the use by some milk producers. Currently, most dairy markets are firm in the EU. Most traders are not expecting much of a change until orders for internal EU consumer products for the year end holiday season are filled. Milk supplies continue to be directed toward internal EU consumer products, particularly cheese. Products for export are in tight supply so little effort is being made to push exports at this time. Overall, milk intakes are steady to lower with consumption higher, reducing the need for exports to balance supply and demand. Traders are finding better opportunities to service customers with product sourced elsewhere in the world though supplies may also be limited.

BUTTER/BUTTEROIL: The butter market is firming seasonally. Butter production is lower, between seasonal declines in milk production and good demand for fat in other consumer products. Strong seasonal cheese production is also impacting cream supplies. Current butter supplies are going into consumer sized packages rather than bulk. Export supplies are minimal and interest in EU sourced supplies is quiet.

82% BUTTERFAT:	1,700 - 1,950
99% BUTTERFAT:	2,200 - 2,350

SKIM MILK POWDER (SMP): The skim milk market is firm. Limited skim supplies are keeping would-be exporters from making deals. Production is light seasonally with the emphasis on using milk for consumer products for internal use rather than making skim. Exporters expect production to remain limited until yearend.

1.25% BUTTERFAT:	2,775 - 2,925
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WHOLE MILK POWDER (WMP): The whole milk market is firm. Limited supplies are basically keeping EU countries out of the export market for large orders though a few smaller sized lots are being moved. Current production levels remain light as milk is diverted to cheese and consumer products for internal consumption. Exporters expect production will remain light until after consumer product orders for the holidays are filled.

26% BUTTERFAT:	2,375 - 2,550
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SWEET WHEY POWDER: The whey market is firm. Despite an emphasis on cheese and whey production, current production is trending lower seasonally. Supplies remain tight. Current whey prices are higher than product sourced elsewhere in the world so international interest remains quiet.

NONHYGROSCOPIC:	1,000 - 1,200
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EASTERN OVERVIEW: The affect of the drought on feed supplies and quality may last well into the new calendar year. Poland feed situation was among the hardest hit areas and may reduce volumes of dairy products for sale both within the EU and for export. Milk production is generally trending lower seasonally and supplies available for export are light on many items.

Exchange rates for selected foreign currencies: October 9, 2006

.8898 Canadian Dollar	.0219 Indian Rupee
.3219 Argentina Peso	.6568 New Zealand Dollar
.0902 Mexican Peso	.7445 Australian Dollar
.3217 Polish Zloty	.0084 Japanese Yen
1.2601 Euro	

OCEANIA

OCEANIA OVERVIEW: Milk production in New Zealand is trending higher toward the annual peak level expected in a few weeks. Current intakes are just slightly above year ago levels. Dairy markets are firm throughout the world at this time as spot supplies available for export from other exporting countries or areas such as the EU are minimal. Market prices are steady to firm. Deliveries are occurring against contracts made previously. Exporters are not pushing sales too hard until they see how spring peak levels develop and what the weather forecasts look like for summer. Much of the current production is headed toward whole and skim milk production at this time, reflecting stronger international interest. Dry conditions persist in Australia and producers are again worried about having adequate water supplies for irrigating pastures. Milk intakes continue to increase toward the annual peak expected in the next few weeks. While rain in intervening weeks may change the situation, expected water allocations are being reduced as much as 50% of the total allocation in some areas. August and September were both very dry months with current temperatures warm seasonally. This could lead to additional herd culling or more cattle parking in areas with adequate water supplies. Feed and grain prices are also higher. Demand for milk from plants remains strong as plants have additional capacity available.

BUTTER: The butter market is firm as significant alternative sources of butterfat are limited. Production is gearing up seasonally. Current production is geared toward delivery of early season contracts made previously. Some extra butter is being churned where producers are trying to boost skim milk production to help fill the strong international skim powder demand.

82% BUTTERFAT:	1,550 - 1,750
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CHEDDAR CHEESE: Cheese prices are also firm as limited supplies are available from other suppliers on the international scene. Current production is being shipped under contracts made previously. Current emphasis on incoming milk supplies use is toward other products in stronger demand internationally. Some additional sales to Japan and other buyers in the Far East are expected soon as milk receipt information and production forecasts for the current season become clearer.

39% MAXIMUM MOISTURE:	2,500 - 2,750
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SKIM MILK POWDER (SMP): The skim milk market is steady to firm. Limited offering elsewhere are keeping prices firm. Spot offerings are minimal at best with moist current production committed to buyers previously. Some additional early season milk volumes are being directed toward skim to help with covering current good international interest.

1.25% BUTTERFAT:	2,150 - 2,300
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WHOLE MILK POWDER (WMP): The whole milk market is firm and prices are steady to higher. Whole milk powder is one of the items being emphasized with current milk intakes, as plant capacity allows. Demand is strong internationally as alternative supply sources are currently limited.

26% BUTTERFAT:	2,000 - 2,250
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Exchange rates continued

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0902)= 11.0865 Mexican Pesos.

Source: Wall Street Journal

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	09/27	09/28	09/29	10/02	10/03	10/04	10/05	10/06	10/09	10/10
CME - CLASS III MILK FUTURES (Pit-Traded)										
SEP 06	12.25 (3933) 5	12.25 (3934) 7	12.29 (3854) 0							
OCT 06	12.54 (4435) 15	12.55 (4398) 85	12.60 (4381) 33	12.40 (4362) 103	12.37 (4346) 41	12.40 (4267) 132	12.39 (4287) 46	12.37 (4292) 37	12.29 (4225) 80	12.25 (4174) 65
NOV 06	12.47 (3991) 63	12.50 (4005) 21	12.55 (3992) 45	12.40 (3995) 114	12.40 (4009) 65	12.45 (4011) 106	12.48 (3994) 54	12.38 (4026) 45	12.32 (4041) 104	12.29 (4010) 121
DEC 06	12.50 (3821) 17	12.53 (3848) 28	12.56 (3832) 65	12.40 (3829) 112	12.43 (3827) 26	12.48 (3811) 62	12.48 (3836) 19	12.40 (3828) 13	12.34 (3865) 70	12.30 (3876) 34
JAN 07	12.41 (1910) 41	12.44 (1939) 38	12.44 (1970) 43	12.38 (1983) 27	12.38 (1994) 56	12.43 (2008) 31	12.43 (2003) 51	12.40 (2006) 8	12.38 (2010) 36	12.38 (2025) 23
FEB 07	12.30 (1507) 39	12.30 (1528) 24	12.30 (1554) 39	12.21 (1559) 21	12.22 (1573) 39	12.29 (1589) 19	12.27 (1624) 48	12.23 (1630) 8	12.25 (1641) 2	12.28 (1657) 23
MAR 07	12.36 (1549) 23	12.35 (1557) 29	12.33 (1567) 20	12.26 (1586) 18	12.26 (1603) 29	12.28 (1621) 22	12.28 (1654) 43	12.26 (1663) 11	12.30 (1675) 4	12.32 (1678) 19
APR 07	12.37 (1292) 33	12.35 (1305) 21	12.40 (1307) 2	12.30 (1315) 12	12.30 (1311) 21	12.37 (1313) 23	12.37 (1323) 30	12.37 (1323) 4	12.37 (1325) 6	12.45 (1331) 7
MAY 07	12.43 (1189) 39	12.42 (1198) 13	12.45 (1199) 4	12.40 (1220) 33	12.40 (1221) 18	12.45 (1222) 23	12.45 (1242) 32	12.45 (1242) 11	12.45 (1242) 2	12.49 (1244) 5
JUN 07	12.62 (1140) 17	12.65 (1147) 16	12.70 (1146) 2	12.65 (1154) 9	12.65 (1161) 21	12.70 (1171) 46	12.74 (1192) 32	12.70 (1200) 11	12.70 (1203) 4	12.73 (1212) 10
JUL 07	13.28 (1016) 4	13.30 (1043) 38	13.30 (1043) 0	13.30 (1043) 0	13.31 (1049) 30	13.35 (1074) 44	13.32 (1084) 13	13.30 (1088) 5	13.32 (1090) 7	13.36 (1099) 11
AUG 07	13.55 (817) 4	13.57 (833) 27	13.57 (833) 0	13.57 (834) 1	13.59 (844) 29	13.59 (863) 36	13.61 (874) 11	13.60 (877) 8	13.62 (881) 9	13.66 (888) 10
SEP 07	13.65 (826) 6	13.65 (857) 31	13.65 (858) 1	13.65 (866) 15	13.67 (863) 26	13.70 (891) 37	13.70 (905) 10	13.70 (908) 8	13.75 (913) 5	13.79 (918) 9
OCT 07	13.32 (716) 3	13.34 (741) 32	13.34 (741) 0	13.36 (743) 6	13.39 (751) 48	13.41 (776) 37	13.43 (788) 15	13.44 (793) 9	13.46 (796) 8	13.50 (800) 4

CME - CLASS IV MILK FUTURES (Pit-Traded)

SEP 06	11.50 (6) 0	11.50 (6) 0	11.10 (6) 0							
OCT 06	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0
NOV 06	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.40 (6) 0	11.60 (6) 0	11.60 (6) 0	11.60 (6) 0	11.60 (6) 0	11.60 (6) 0
DEC 06	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0	11.40 (1) 0

CME - PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)

SEP 06	131.00 (8) 0									
OCT 06	130.00 (220) 0	130.00 (220) 0	130.00 (220) 0	131.00 (218) 8	130.50 (213) 6	131.25 (213) 3	132.50 (209) 5	132.00 (198) 7	132.00 (198) 1	132.00 (173) 0
DEC 06	132.00 (43) 1	132.00 (43) 0	132.00 (43) 0	132.00 (43) 0	132.00 (45) 3	132.00 (45) 0	132.00 (45) 0	132.00 (45) 0	132.00 (46) 1	131.50 (48) 2
MAR 07	139.00 (55) 1	139.00 (55) 2	139.00 (55) 0	139.00 (55) 0	139.00 (55) 0	139.00 (55) 0	139.00 (55) 0	139.00 (55) 0	139.00 (55) 0	139.00 (55) 0
MAY 07	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0	140.75 (3) 0

CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)

SEP 06	130.50 (805) 13	130.00 (803) 2	129.76 (803) 0							
OCT 06	132.00 (904) 0	131.25 (909) 6	131.25 (909) 0	132.00 (900) 9	131.75 (912) 12	132.00 (908) 6	132.00 (890) 40	131.25 (869) 79	130.50 (869) 8	130.20 (831) 40
NOV 06	131.50 (1013) 20	132.50 (1030) 18	133.50 (1024) 12	133.00 (1041) 17	132.75 (1038) 20	133.25 (1030) 17	134.48 (991) 55	134.25 (954) 120	132.75 (958) 23	131.03 (910) 51
DEC 06	130.75 (481) 4	131.00 (481) 0	131.00 (481) 0	131.50 (483) 2	131.75 (483) 23	132.23 (483) 0	132.80 (483) 0	132.75 (483) 0	131.75 (483) 5	130.25 (483) 9
JAN 07	133.50 (214) 5	134.00 (214) 5	134.00 (214) 0	134.00 (214) 0	133.75 (214) 0	133.75 (214) 2	134.00 (216) 2	134.00 (216) 0	134.00 (216) 0	133.50 (221) 9
FEB 07	135.75 (221) 5	136.00 (215) 13	136.00 (215) 0	136.00 (215) 2	136.00 (215) 0	136.50 (217) 2	136.50 (219) 2	136.50 (219) 0	136.50 (219) 0	136.00 (222) 3
MAR 07	137.25 (131) 0	139.00 (136) 5	139.25 (141) 5	139.00 (141) 0	139.00 (141) 0	139.00 (141) 0	139.00 (141) 0	139.00 (141) 0	139.00 (141) 0	137.05 (148) 7
APR 07	136.00 (46) 0	136.00 (46) 0	136.00 (46) 0	136.00 (46) 0	136.00 (46) 0	136.50 (46) 0	137.00 (46) 0	137.00 (46) 0	137.00 (46) 0	137.00 (46) 0
MAY 07	138.50 (28) 0	138.50 (28) 0	138.50 (28) 0	137.25 (28) 0	137.25 (28) 0	137.50 (28) 0	137.50 (28) 0	137.00 (28) 0	137.00 (28) 0	137.00 (28) 0
JUN 07	137.00 (11) 0	138.25 (13) 2	137.50 (13) 0	137.50 (13) 0	137.50 (13) 0	136.00 (13) 0	136.00 (13) 0	137.25 (15) 2	137.25 (15) 0	137.25 (15) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

**2006 TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, U. S. TOTAL
(THOUSAND HEAD)**

Week Ending	2006						
	Dairy Cows	All Cows	Dairy as Percent of All	Week Ending	Dairy Cows	All Cows	Dairy as Percent Of All
Jan 7	42.8	92.7	46.2	Jul 1	40.8	97.5	41.8
14	50.0	114.4	43.7	8	34.3	81.2	42.2
21	47.2	104.6	45.1	15	45.9	109.3	42.0
28	45.8	98.7	46.4	22	42.8	103.4	41.4
Feb 4	44.7	96.1	46.5	29	43.2	99.9	43.2
11	43.4	93.0	46.7	Aug 5	42.9	102.1	42.0
18	41.0	88.9	46.1	12	47.0	109.5	42.9
25	42.0	88.3	47.6	19	47.4	106.0	44.7
Mar 4	45.4	97.5	46.6	26	48.5	112.2	43.2
11	46.4	96.4	48.1	Sep 2	49.7	111.4	44.6
18	44.9	95.1	47.2	9	43.9	91.9	47.8
25	42.0	83.5	50.3	16	49.0	111.3	44.0
Apr 1	43.1	91.6	47.1	23	50.1	109.4	45.8
8	43.7	95.4	45.8	30			
15	42.2	92.4	45.7	Oct 7			
22	40.2	92.7	43.4	14			
29	43.7	105.1	41.6	21			
May 6	40.8	92.9	43.9	28			
13	40.6	93.5	43.4	Nov 4			
20	40.8	93.6	43.6	11			
27	39.0	95.3	40.9	18			
Jun 3	34.7	82.5	42.1	25			
10	41.0	102.5	40.0	Dec 2			
17	41.4	103.2	40.1	9			
24	41.2	100.2	41.1	16			
				23			
				30			

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.

AUGUST FLUID MILK SALES

During August, about 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.4 percent higher than August 2005. After adjusting for calendar composition, sales in August 2006 were 1.1 percent higher than August 2005. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat milk (1%), fat-free (skim) milk, and flavored fat-reduced milk increased from August 2005, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier. Sales data for organic milk are now being provided.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/fluidsales.htm>. Revised data for June 2006 can also be found at that location.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
AUGUST 2006, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	August	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,398	10,966	-2.5	-2.1
Flavored Whole Milk	64	473	-1.3	-4.2
Organic Whole Milk 3/	21	158	---	---
Reduced Fat Milk (2%)	1,524	11,782	1.6	3.2
Low Fat Milk (1%)	536	4,198	3.2	3.0
Fat-Free Milk (Skim)	678	5,322	1.4	2.7
Flavored Fat-Reduced Milk	258	2,307	2.5	0.6
Organic Fat-Reduced Milk 3/	69	522	---	---
Buttermilk	43	340	-3.9	-0.9
Total Fluid Milk Products 4/	4,607	36,196	0.4	1.1
Total Fluid Milk Products Adjusted 4/ 5/	4,595	36,257	1.1	1.2

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 5/. Organic milk is included with conventional milk in calculating percentage changes; see 3/. 3/ Data are not available for previous year. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, AUGUST 2006, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	August	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	760	6,214	-1.1	-0.1
Appalachian (005)	295	2,358	3/	3/
Southeast (007)	437	3,297	2.9	3.5
Florida (006)	251	1,950	-2.1	-1.9
Mideast (033)	518	4,104	-1.9	0.2
Upper Midwest (030)	367	2,918	1.2	1.0
Central (032)	400	3,099	0.6	2.5
Southwest (126)	381	2,886	4/	4/
Arizona (131)	107	839	5/	5/
Pacific Northwest (124)	181	1,427	4.3	1.9
California (---)	540	4,264	1.9	1.0

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above. 3/ Percent changes for this market are not comparable due to an expansion in the marketing area. 4/ Percent changes for this market are not comparable due to reporting revisions. 5/ Percent changes for this market are not comparable. Effective May 1, 2006, Clark County, Nevada was removed from the marketing area.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

OCTOBER MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecasts for 2006 and 2007 are raised from last month. Cow numbers in 2006 were reduced from last month. In 2007, cow numbers are increased slightly from last month moderating the rate of decline. In addition, milk per cow continues to grow, supporting higher production forecasts in both 2006 and 2007. Demand is expected to remain robust, especially for nonfat dry milk (NDM) and whey, but larger product supplies may pressure cheese and butter prices. A weaker expected 2006 cheese price results in a lower forecast 2006 Class III price, but a stronger NDM price raises the forecast for the Class IV price. In 2007, Class III prices are forecast higher as strong demand for whey is expected to offset weaker cheese prices, compared with last month. The 2007 Class IV price forecast is reduced as lower forecast butter prices more than offset an increase in forecast NDM prices. In the face of strong demand for NDM, both for domestic and international use, forecast CCC net removals for 2006 and 2007 are reduced from last month. The range of the all milk price for 2006 is narrowed from last month. The price forecast for 2007 is raised to \$13.00-\$13.90.

U.S. MILK SUPPLY AND USE					
Commodity	2005	2006 Projected		2007 Projected	
		September	October	September	October
MILK		BILLION POUNDS			
PRODUCTION	177.0	182.0	182.1	183.2	183.9
FARM USE	1.1	1.1	1.1	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	7.2	8.0	8.0	8.6	8.7
MARKETINGS	175.9	180.9	181.0	182.2	182.9
IMPORTS	4.6	4.5	4.5	5.1	5.1
TOTAL COMMERCIAL SUPPLY	187.7	193.4	193.5	195.9	196.7
FAT BASIS USE					
ENDING COMMERCIAL STOCKS	8.0	8.6	8.7	7.7	7.7
CCC NET REMOVALS <u>1/</u>	-0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	179.7	184.8	184.8	188.2	189.0
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.2	9.0	9.0	8.6	8.5
MARKETINGS	175.9	180.9	181.0	182.2	182.9
IMPORTS	4.5	4.5	4.5	5.7	5.7
TOTAL COMMERCIAL SUPPLY	188.6	194.4	194.5	196.5	197.1
SKIM-SOLIDS BASIS USE					
ENDING COMMERCIAL STOCKS	9.0	8.6	8.5	8.6	8.6
CCC NET REMOVALS <u>1/</u>	-1.0	0.8	0.7	1.2	0.0
COMMERCIAL USE <u>2/</u>	180.6	185.0	185.2	186.7	188.5
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	0	0	0	0	0
CHEESE	-2	0	0	0	0
NONFAT DRY MILK	-81	65	64	100	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 13

OCTOBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2005	2006 Projected		2007 Projected	
		September	October	September	October
PRODUCT PRICES <u>1/</u> CHEESE BUTTER NONFAT DRY MILK DRY WHEY MILK PRICES <u>2/</u> CLASS III CLASS IV ALL MILK <u>3/</u>	DOLLARS PER POUND				
	1.4875	1.230-1.250	1.225-1.235	1.295-1.395	1.290-1.380
	1.5405	1.205-1.245	1.210-1.240	1.220-1.350	1.195-1.315
	0.9409	0.850-0.870	0.855-0.875	0.815-0.885	0.820-0.890
	0.2782	0.295-0.315	0.315-0.325	0.250-0.280	0.285-0.315
	DOLLARS PER CWT				
	14.05	11.60-11.80	11.60-11.70	12.00-13.00	12.10-13.00
	12.87	10.70-11.00	10.80-11.00	10.45-11.55	10.45-11.45
	15.14	12.65-12.85	12.70-12.80	12.90-13.90	13.00-13.90
	QUARTERLY				
2006 III	2006 IV <u>4/</u>	2007 I <u>4/</u>	2007 II <u>4/</u>	2007 III <u>4/</u>	
MILK PRODUCTION ALL MILK PRICE <u>2/</u> <u>3/</u> CLASS III PRICE <u>2/</u> CLASS IV PRICE <u>2/</u>	BILLION POUNDS				
	44.8	44.8	46.2	47.4	45.2
	DOLLARS PER CWT.				
	12.13	13.15-13.55	12.70-13.40	12.45-13.45	13.15-14.15
	11.42	11.80-12.20	11.60-12.30	11.80-12.80	12.60-13.60
	10.65	11.05-11.55	10.45-11.25	10.25-11.35	10.55-11.65

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at http://www.ams.usda.gov/dyfmom/mib/fedordprc_dscrpr.htm. 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Howard McDowell, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-439, World Agricultural Outlook Board, USDA, October 12, 2006.

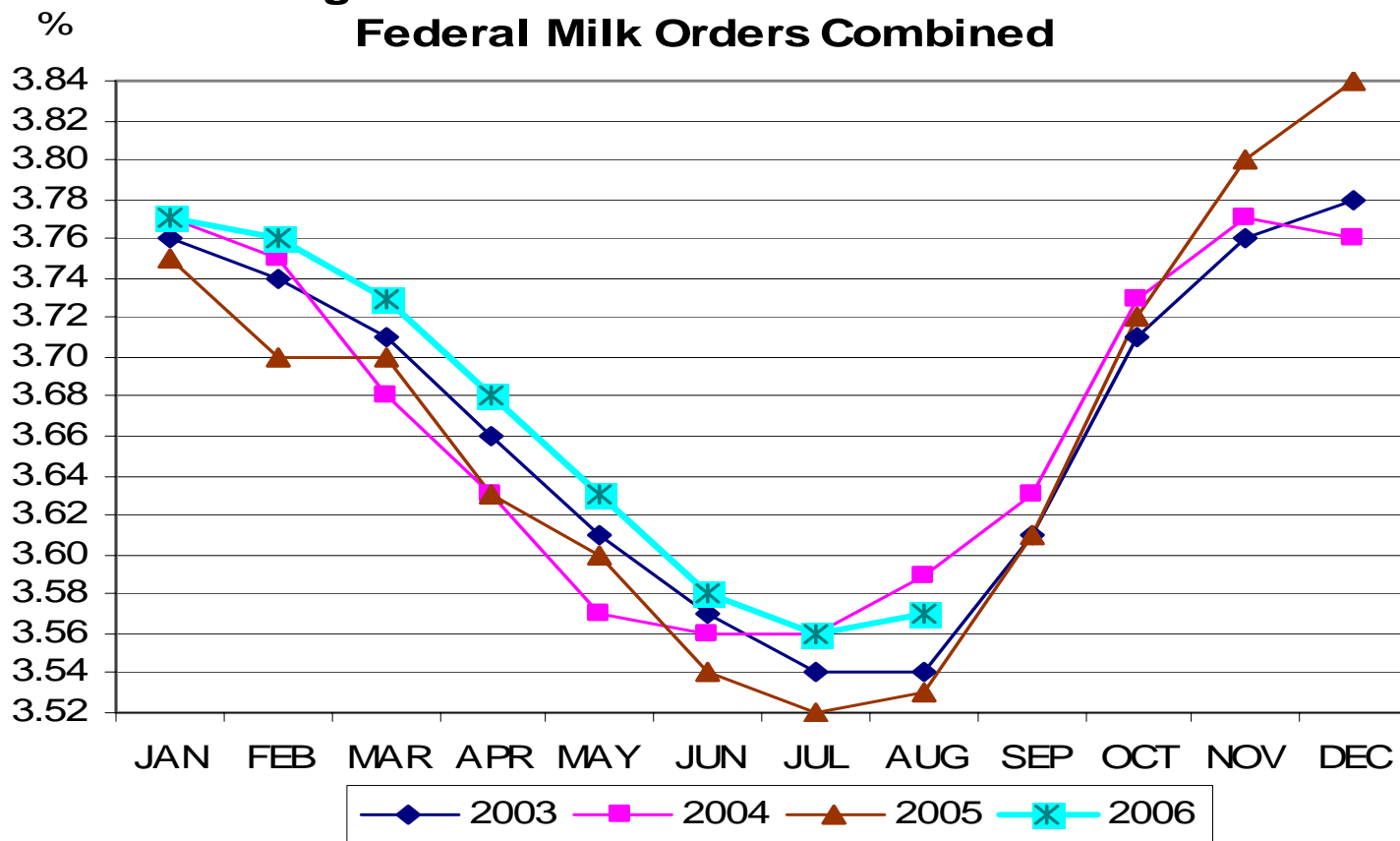
MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2006

In July 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.66 per cwt., \$.08 less than the figure for the previous month. The component tests of producer milk in July 2006 were: butterfat, 3.56%; protein, 2.94%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas except seven, and ranged from \$15.49 in Florida to \$9.88 in New Mexico. In July 2005, the Federal milk order all-area average mailbox price was \$14.62, \$2.96 higher.

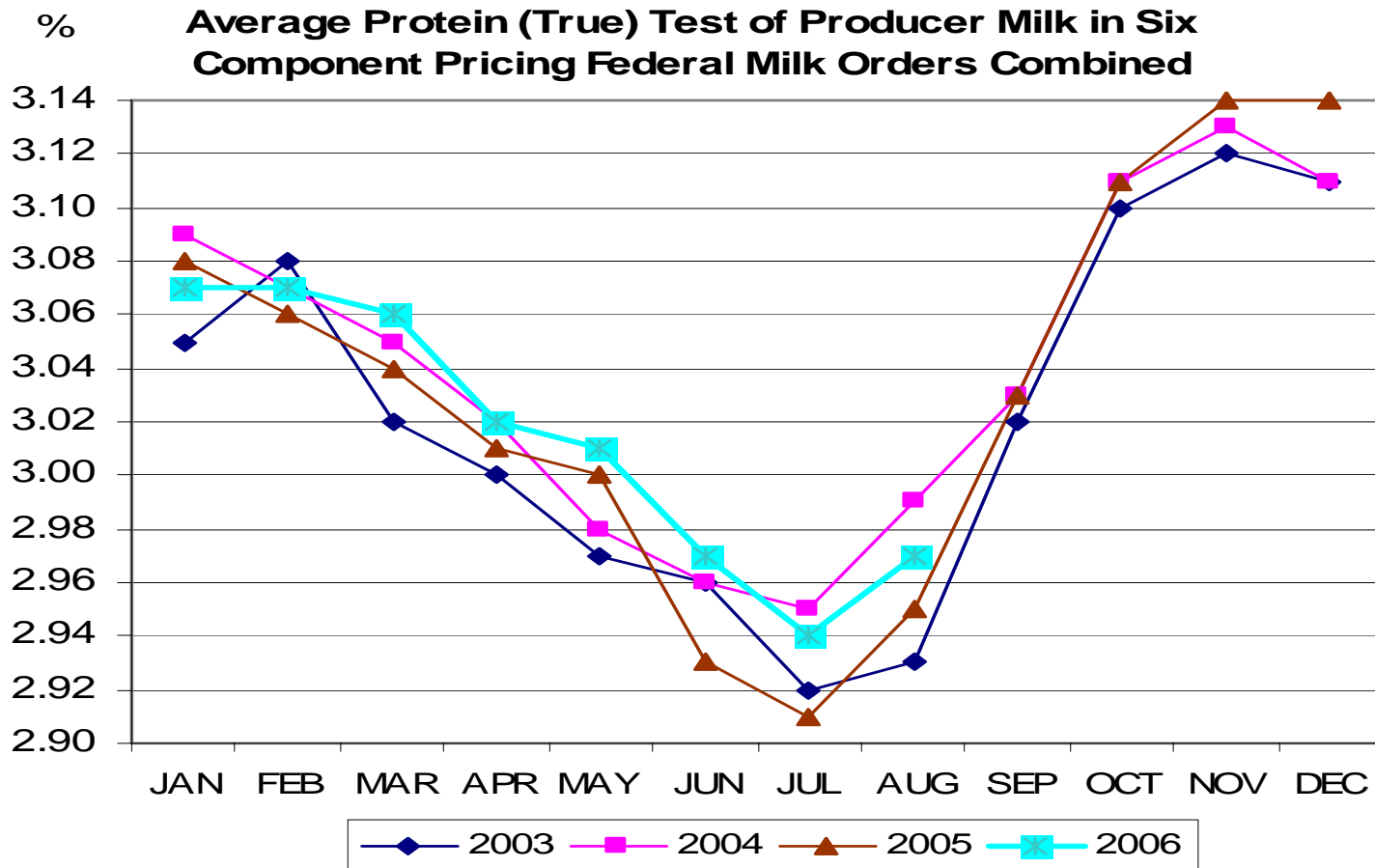
Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	July 2005	June 2006	July 2006
	Dollars per hundredweight		
New England States <u>3/</u>	15.21	12.33	12.21
New York	14.70	11.99	11.93
Eastern Pennsylvania <u>4/</u>	15.08	12.28	12.28
Appalachian States <u>5/</u>	15.00	12.18	12.65
Southeast States <u>6/</u>	15.65	13.15	13.71
Southern Missouri <u>7/</u>	14.24	11.35	11.66
Florida	17.62	14.85	15.49
Western Pennsylvania <u>8/</u>	14.63	11.92	11.73
Ohio	14.60	11.92	11.82
Indiana	14.61	11.62	11.61
Michigan	14.34	11.54	11.48
Wisconsin	15.06	12.04	11.70
Minnesota	14.69	11.78	11.49
Iowa	14.64	11.81	11.59
Illinois	14.73	11.67	11.39
Corn Belt States <u>9/</u>	13.62	11.13	11.03
Western Texas <u>10/</u>	13.77	10.82	10.83
New Mexico	12.95	9.90	9.88
Northwest States <u>11/</u>	13.78	11.12	11.19
All Federal Order Areas <u>12/</u>	14.62	11.74	11.66
California <u>13/</u>	13.53	10.42	10.16

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the applicable per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. Previous year figures have not been revised for new reporting areas. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

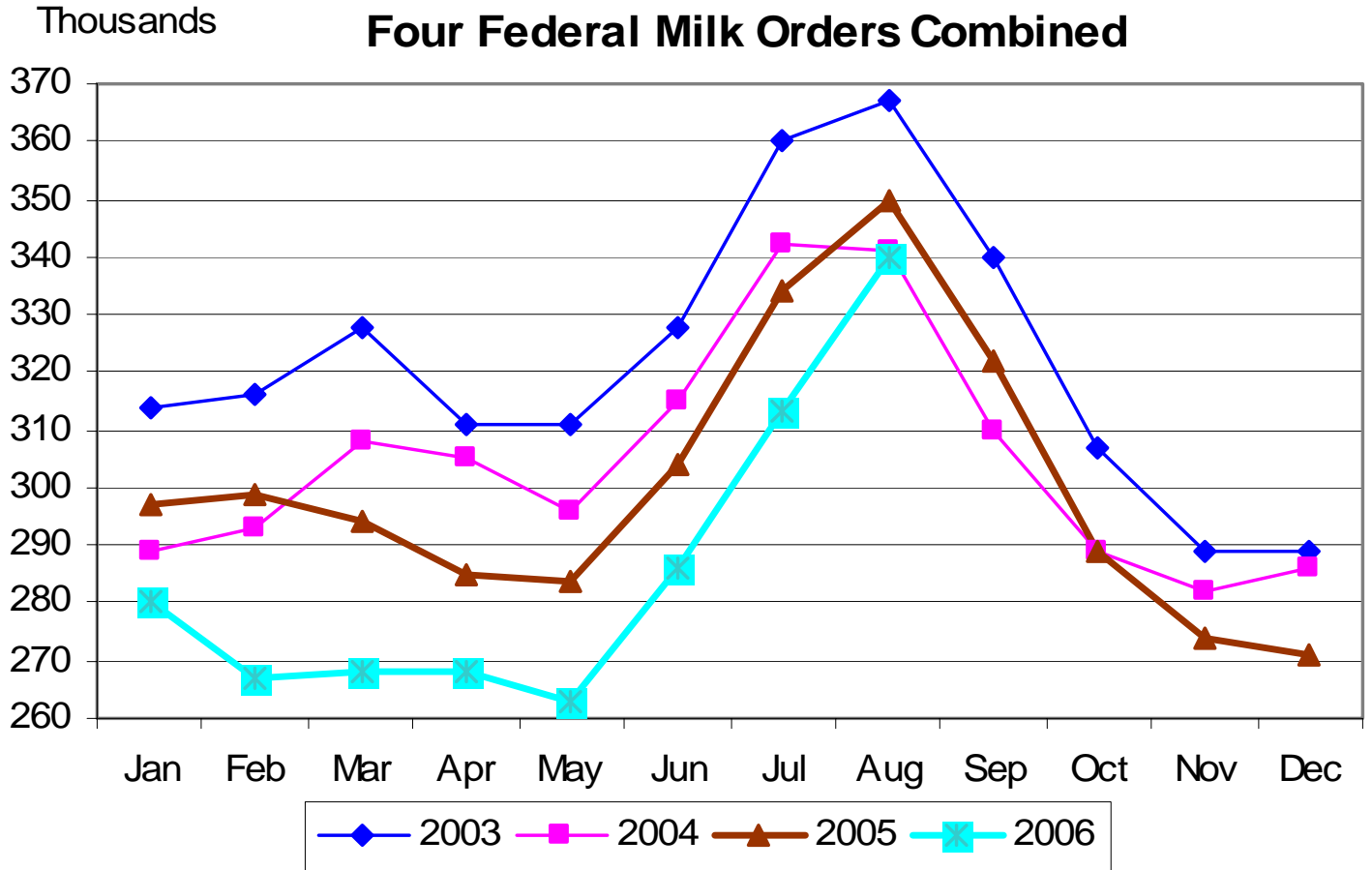
Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined



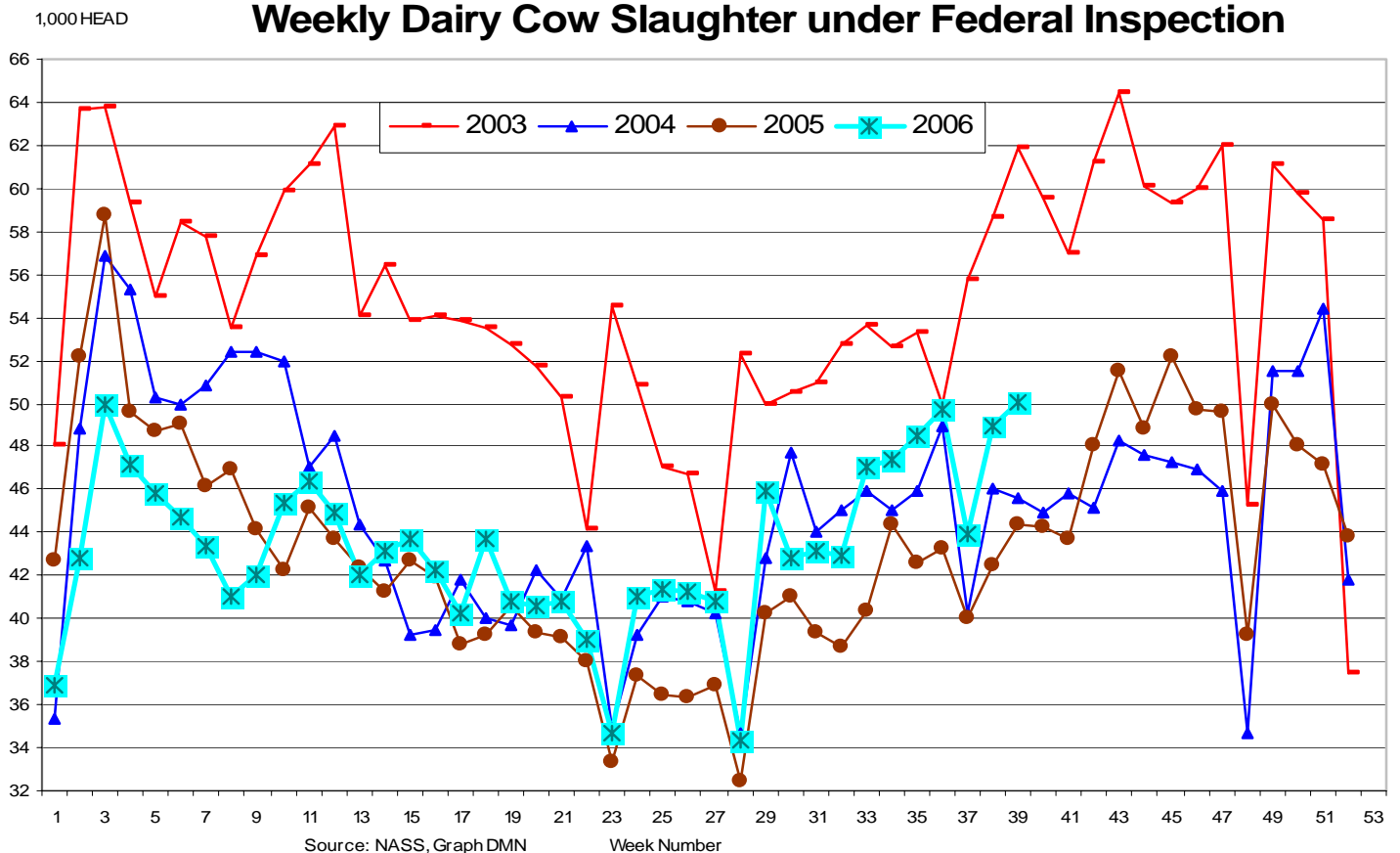
Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined



Average Somatic Cell Count of Producer Milk in Four Federal Milk Orders Combined



Weekly Dairy Cow Slaughter under Federal Inspection



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